

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7944

BILL NUMBER: HB 1525

DATE PREPARED: Jan 9, 2001

BILL AMENDED:

SUBJECT: Riverboat admissions tax.

FISCAL ANALYST: Jim Landers

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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: The bill increases the Riverboat Admissions Tax from \$3 to \$4. The bill establishes the Social Service Assistance Fund. The bill requires the \$1 increase in the Admissions Tax to be deposited into the Social Service Assistance Fund. The bill also requires money in the fund to be allocated in equal shares: (1) to the Housing Trust Fund; (2) for homeless centers; (3) for mental health centers; and (4) for addiction services. The bill provides that public and private entities providing these social services may apply to the budget agency for grants from the fund.

Effective Date: July 1, 2001.

Explanation of State Expenditures:

Explanation of State Revenues: The \$1 increase in the Riverboat Admissions Tax proposed under the bill is estimated to generate \$41.93 M in additional revenue annually.

The bill requires the revenue from the additional \$1 Riverboat Admissions Tax to be deposited in the Social Service Assistance Fund established in the bill. Besides the Admissions Tax revenue, the bill specifies that this Fund consist of grants, gifts, and donations, and interest that accrues from money in the Fund. The bill requires money deposited in this Fund to be allocated in equal shares: (1) To the Housing Trust Fund; (2) for homeless centers; (3) for mental health centers; and (4) for addiction services. Each of these functions would receive an estimated \$10.48 M annually from the Admissions Tax.

Background:

Admissions Tax Estimate: The estimated impact of the \$1 increase in the Riverboat Admissions Tax is based on the FY 2000 turnstile and multiple excursions counts adjusted for the operation of Belterra Riverboat that began operating during October 2000. The turnstile count is the number of persons entering the Riverboat

and the multiple excursion count is the number of persons remaining on the Riverboat for an additional excursion (generally 2 hours in length).

The FY 2000 turnstile count was approximately 18.67 M and the multiple excursion count was approximately 20.06 M for nine Riverboats containing approximately 458,490 square feet of casino space. Due to the addition of the Belterra Riverboat since the conclusion of FY 2000, a proportionate adjustment was made to the turnstile and multiple excursions counts to account for the additional casino space. A unit turnstile count of 40.71 per square foot of casino space and a unit multiple excursions count of 43.75 per square foot were utilized for the adjustment. Belterra reportedly contains 38,000 square feet of casino space. The adjusted turnstile count is 20.21 M and the adjusted multiple excursions count is 21.72 M resulting in an estimated passenger count for FY 2002 of 41.93 M. This assumes that admissions will not trend upward from FY 2000 to FY 2002 and that admissions will grow proportionately with growth in casino space. Thus, the additional \$1 Riverboat Admissions Tax proposed under the bill would generate \$41.93 M in additional revenue from the tax.

Housing Trust Fund: Under current law, money in the Housing Trust Fund must be used by the Indiana Housing Finance Authority to provide financial assistance for the development, rehabilitation, or financing of affordable housing for lower income families and very low income families, including lower income elderly, persons with disabilities, and homeless individuals. The financial assistance must be provided in the form of grants, rent supplements, loans, and loan guarantees. Also, money in the Fund may be used to provide technical assistance to nonprofit developers of low income housing.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Treasurer of State; State Budget Agency; Indiana Housing Finance Authority.

Local Agencies Affected:

Information Sources: Monthly Riverboat Statistical Report (July 1999 to June 2000), Indiana Gaming Commission.
Indiana Gaming Commission 1999 Annual Report to the Governor.